

Message Text

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17

ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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FM AMCONSUL ZAGREB

TO SECSTATE WASHDC 3124

INFO AMEMBASSY BELGRADE

UNCLAS ZAGREB 0450

E.O. 11652: N/A

TAGS: BPRO, YO

SUBJECT: EXIMBANK GUARANTEE - POLJOOPSKRBA

REF: STATE 113827

1. POLJOOPSKRBA, WHICH FOR A NUMBER OF YEARS HAS BEEN HIGHLY SUCCESSFUL JOHN DEERE AGENT FOR YUGOSLAVIA, HAS ADVISED US THAT SALE OF DEERE EQUIPMENT WILL BE FINANCED BY A DOL 2,600,000 LOAN FROM CROCKER MID-AMERICA INTERNATIONAL BANK OF CHICAGO. IN ADDITION TO EXIM GUARANTEE, POLJOOPSKRBA IS OBTAINING A "SUPER-GUARANTEE" FROM JUGOBANKA. TERMS OF LOAN ARE 10 PER CENT CASH PAYMENT, WITH REMAINDER FINANCED OVER 5 YEARS AT 8 PER CENT INTEREST. POLJOOPSKRBA WILL BE OBLIGOR. EQUIPMENT WILL BE USED BY SEVERAL MAJOR YUGOSLAV AGRICULTURAL COMBINES, INCLUDING PIK DJAKOVO (DOLS 580,000 WORTH), PIK NOVA GRADISKA (DOLS 193,000), AGROKOMBINAT OF POSAVINA (DOLS 308,000).

2. POLJOOPSKRBA IS A MAJOR YUGOSLAV IMPORTER, EXPORTER, AGENT AND DISTRIBUTOR OF AGRICULTURAL, FORESTRY, FOOD PROCESSING, AND OTHER EQUIPMENT. POLJOOPSKRBA, WHICH HAS APPROX. 500 EMPLOYEES AND 19 BRANCH OFFICES AND SALES OUTLETS THROUGHOUT YUGOSLAVIA, REPRESENTS ABOUT 40 FIRMS IN YUGOSLAVIA. TOTAL TURNOVER IN 1974 WAS ABOUT DOLS 30 MILLION, WHILE JOHN DEERE 1974 SALES IN YUGOSLAVIA REPORTEDLY AMOUNTED TO ABOUT DOLS 4.5 MILLION.

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3. CONGEN AND EMBASSY RECOMMEND THAT EXIM CONSIDER FAVORABLY THIS GUARANTEE REQUEST.

4. IN ADDITION, POLJOOPSKRBA SAYS THAT IT HAS OBTAINED YUGOSLAV IMPORT LICENSES AND DEERE SUPPLY COMMITMENTS FOR APPROXIMATELY ADDITIONAL DOLS 5 MILLION WORTH OF DEERE AGRICULTURAL EQUIPMENT. POLJOOPSKRBA BELIEVES THAT AN EXIM GUARANTEE WILL ALSO BE SOUGHT TO COVER FINANCING THESE TRANSACTIONS. FAVORABLE CONSIDERATION OF THIS REQUEST, IF RECEIVED, WOULD HELP DEERE MAINTAIN ITS LEADING SHARE IN YUGOSLAV MARKET FOR LARGE AGRICULTURAL TRACTORS.

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